
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan Districts December 10, 2015

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District, Eagle County, Colorado, was held Thursday, December 10, 2015, at 2:00 p.m., in the conference room at 137 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- Michael Connell
- Frederick Hudoff
- William Kennedy
- William Simmons

Also in attendance were:

- Bill Ankele, Esq White Bear Ankele Tanaka and Waldron (via phone)
- Trisha Harris, Esq White Bear Ankele Tanaka and Waldron (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Tim Baker, HCMD Director
- Doug Lovell, HCMD Director
- Don Odell, RSR Operations
- Mike Miner, RSR Director of Golf Operations

Call to Order

The Special Meeting of the Board of Directors of the Red Sky Ranch Metropolitan District was called to order at 2:00 p.m. by Director Kennedy noting a quorum was present.

Potential Conflicts

The Board noted that it has received certain written disclosures of potential conflicts of interest statements from each of the Directors more than seventy-two hours prior to the meeting, indicating the following conflicts: [William M. Kennedy](#) is Director of Land Development for Vail Resorts Development Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., all of which have significant business interests within the Districts; and [Karen Braden-Butz](#) is the Financial Analyst for Village Operations at Beaver Creek, a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., all of which have significant business interests within the Districts.

Minutes

The Board reviewed the minutes of the November 9, 2015 Special Meeting. Upon motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Red Sky Ranch Metropolitan District December 10, 2015 Meeting Minutes

RESOLVED to approve the minutes of the November 9, 2015 Special Meeting.

Public Input

No public input was offered.

Old Business

Director Hudoff asked if there was any new information related to the interest rate on the HC promissory note. Mr. Lovell stated he did not have any new information at this time.

No new information was available related to the water rights discussions. The committee appointed to review water rights matters will be meeting in early January. At this time information is being gathered for further analysis.

Director Hudoff stated for the record that these matters will continue to be open items carried into 2016.

New Business

Director Connell requested Mr. Marchetti draft a letter to property owners similar to one sent in 2011, which presented information related to the change in assessed valuations, property tax rates and how they relate to the budget. Mr. Marchetti will prepare a draft letter for review and comment.

Legal

Annual Administrative Resolution: Mr. Ankele reviewed the 2016 Annual Administrative Matters Resolution. The meeting date will remain the third Monday of the month. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2016 Annual Administrative Matters Resolution.

Capital Improvement Fee Promissory Note Renewal: Mr. Ankele requested consideration of renewal of the Capital Improvement Fee Promissory Note. The note relates to the capital improvement fee advances made by VR to the District to cover payments related to the outstanding principal on the Holland Creek Bonds. All terms will remain the same. Upon motion duly made and seconded it was unanimously

RESOLVED to authorize the extension of the maturity date of the Red Sky Ranch Metropolitan District Promissory Note to December 31, 2016 with all other terms remaining unchanged.

RECORD OF PROCEEDINGS

Red Sky Ranch Metropolitan District December 10, 2015 Meeting Minutes

WBA Engagement letter: Mr. Ankele referred to the engagement letter from his office that had been included in the packet. He explained a separate engagement letter was being requested from all districts to alleviate concerns by their insurance carrier related to conflict of interest management. The fees will continue to be based on an hourly rate. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the engagement letter with White Bear Ankele Tanaka and Waldron.

May 2016

Election:

Mr. Ankele presented the May 3, 2016 Election Resolution noting it is a Board of Directors election. Upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the May 3, 2016 Election Resolution.

Financial Statements

Mr. Marchetti reviewed the preliminary October 2015 financial statements which included the 2016 budget. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary October 2015 financial statements as presented.

2016 Budget

The continued public hearing for the 2016 budget was opened. Mr. Marchetti referred to the memo that had been included in the packet. He noted the mill levy presented has been reduced from 69 mills to 64 mills, with 32 mills being applied towards debt service and 32 mills being applied towards the service obligation with HCMD. The 2016 budget includes a potential bond issuance with the net bond proceeds being transferred to HCMD in accordance with the Master IGA. The assessed valuation increase has resulted in the debt to assessed valuation being lower than 50%. When the 2015 bonds were issued it was not anticipated the assessed valuation would increase to the level it has. Mr. Ankele stated RSR is obligated to pay down HC debt and/or to issue bonds when it has the ability to do so. Director Connell pointed out the HC bond debt is the cheapest debt at this time. He questioned whether there may be a mutually beneficial alternative to issuing bonds at 6%, such as a restructuring with VR to set a payoff schedule allowing more of the payment to pay down principal instead of interest or issuance costs. Mr. Lovell stated the Master IGA contemplated the pay down of HC debt to occur in the manner described by issuing debt as RSRMD assessed valuation rose. It was noted

RECORD OF PROCEEDINGS

Red Sky Ranch Metropolitan District December 10, 2015 Meeting Minutes

adopting the budget would not preclude continuing discussion regarding the method or timing of the HC debt pay down. Director Hudoff asked if anything would be gained by leaving the mill levy at 37 mills for debt service. Mr. Marchetti explained with the higher assessed value 32 mills for debt service enables the District to fulfill its obligations.

The public hearing was closed. Upon motion duly made and seconded, it was unanimously

RESOLVED to adopt the Red Sky Ranch Metropolitan District 2016 budget, and

FURTHER RESOLVED to appropriate the sums of money for 2016, and

FURTHER RESOLVED to certify the mill levy at 64.000 mills.

Accounts Payable Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable listing as presented.

Meeting Schedule The December 21st meeting was cancelled. The next regular meeting is scheduled for Monday, January 18, 2016, at 9:00 a.m.

Adjourn Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the December 10, 2015 Special Meeting of the Red Sky Ranch Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten
Recording Secretary